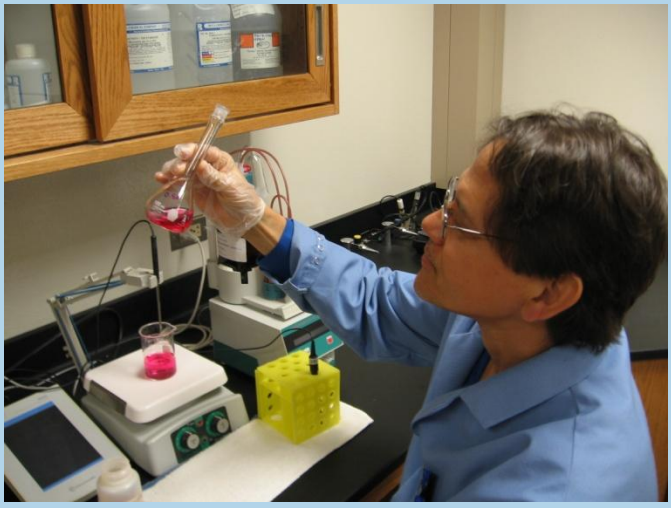
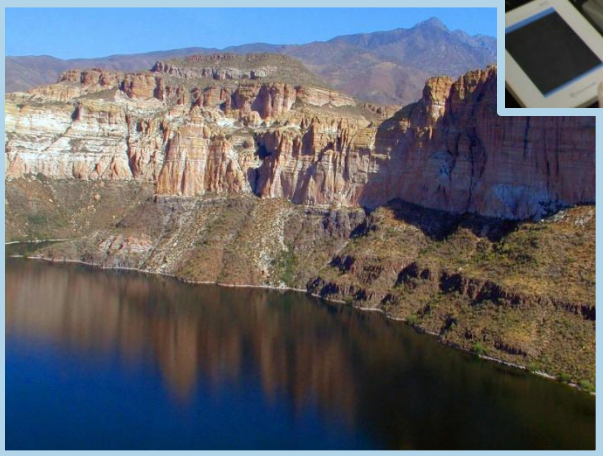
mesa·az

WATER RESOURCES DEPARTMENT

Delivering

QUALITY – RELIABILITY - VALUE





Strategic Business Plan Update— June, 2012

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A Message from the Water Resources Department Executive Team

The provision of adequate, clean water for our homes and businesses and the safe removal of wastewater are things that we undertake as a community for the benefit of the community. We know that for the sake of our customers, we must do these things well: reliably, efficiently, and safely.

The City of Mesa is unique in that it is the largest city in the United States that does not have a primary property tax to fund its operations. Instead, it relies in part on revenues from its utilities to fund police, fire and other public services. This means that revenue from the City's utilities is invested directly back into the community, rather than generating profit for private utility investors outside of our community. We are proud not only to provide water and wastewater services to our customers but also to provide revenues that are reinvested back into the basic needs of the community.

The provision of clean water is an incredibly capital intensive and complicated undertaking. We must provide the ability for customers to have access to water at all times, water of an appropriate quality for the purpose, in the exact amount needed, at the exact time and place needed, with perfect reliability, and for as long as the community exists. The safe removal of wastewater is just as complicated. Because our infrastructure is mainly underground and unseen, many people do not understand the enormous effort involved.

The services that we provide underlie the functioning of our economy, enable public health and safety, protect the environment, and provide for our quality of life. The provision of water and the safe removal of wastes are the foundation of the sustainability of our community and our way of life. We deliver quality, reliability, and value.

We hope that this document provides our customers with a better understanding of what we do, what we have accomplished, and the high expectations to which we hold ourselves. We hope this document helps our customers understand when they receive their monthly utility bill that water is worth it.

Kathryn Sorensen	Susan Miller	Jake West	Alisha Solano
Director	Assistant Director	Deputy Director	Deputy Director

DELIVERING QUALITY, RELIABILITY, & VALUE

The City of Mesa Water Resources Department employs 248 employees to provide water and wastewater services to the United States' thirty-eighth largest city in an area of approximately 170 square miles and for a population of over 465,000. The water system currently consists of approximately 135,000 residential and commercial connections and the wastewater system consists of approximately 120,000 connections. We are owned by and accountable to the people of our community through the community's elected officials on the Mesa City Council.

This is what we do:

- We respond to customers' needs

We respond to more than 120,000 requests each year to turn utilities on and off. We respond to customer concerns regarding water pressure, water quality, and wastewater odor. We repair problems in the water distribution and wastewater collection systems, and provide irrigation in the City center.

- We ensure sustainable supplies

Water is provided from three general sources: the Salt and Verde Rivers, the Colorado River via the Central Arizona Project, and groundwater wells. The City also reclaims wastewater to a very high standard and delivers it for cooling purposes at the Arizona Nuclear Power Plant, for irrigation on the Gila River Indian Community, for turf facility irrigation within the City, and for recharge into the local aquifer, where it can be held as mitigation against drought and as a future supply.

- We treat water supplies to potable standards

Surface water from the Salt and Verde Rivers is treated at the Val Vista Water Treatment Plant, which is jointly owned by Mesa and the City of Phoenix. The plant produces approximately 45% of the water used by the City. Colorado River water is delivered to the City via the Central Arizona Project (CAP) Canal. The water is treated

at the Mesa CAP Water Treatment Plant, which produces approximately 49% of the City's water.

Groundwater wells produce the remaining 6% of the water used in the City. The City currently has over thirty groundwater wells. The continued development of new wells provides redundancy in case of drought or operational problems with the surface water system.

- We ensure the quality of water in the distribution system

We protect the quality of the water in the distribution system through a strong regulatory compliance program that includes use of the latest technologies to meet quality regulations and a backflow prevention program that helps prevent cross contamination.

- We ensure a working distribution system and move water to meet demand

There are many aspects of meeting customer demands, including: location (where the customer wants it), volume (how much the customer wants), timing (when the customer wants it), pressure (how the customer needs it), and reliability (always there when needed). The water system includes numerous storage facilities, pump stations, pressure reducing valves, and approximately 2,250 miles of water distribution mains.

- We meter and deliver water

There are more than 140,000 meters in the water distribution system, including over 500 large commercial meters. We have developed a meter replacement program that uses statistical analysis to determine the type and ages of meters that are the system's worst performers, which are then replaced to protect revenues and to enhance fairness among customers.

- We collect wastewater and deliver it to treatment plants

There are nearly 30,000 manholes, 1,700 miles of sewer lines, and dozens of lift stations and corrosion and odor control facilities in the City's wastewater system. We maintain this infrastructure in a proactive manner, work to minimize blockages and fix them quickly when they occur, and maintain adequate capacity in the collection system so that all customers' wastes can be handled safely and efficiently.

- We ensure the quality of wastewater does not harm the collection system or the treatment plants

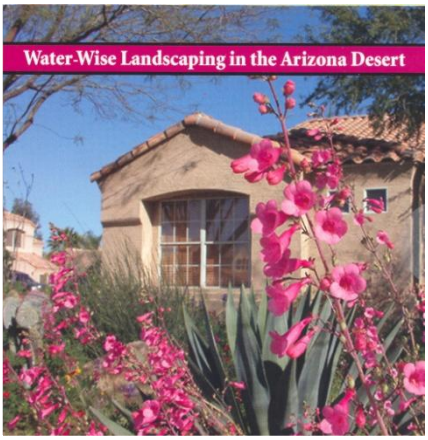
The Department maintains an active industrial pretreatment program through which major industries are identified, sampled, and regulated to protect the collection system, our wastewater treatment plants, and the environment from sources of pollution.

- We process wastewater into reclaimed water

Four water reclamation plants (WRP) provide wastewater treatment for the City of Mesa. The Phoenix-operated 91st Avenue WRP is jointly owned by the City of Mesa and four other nearby municipalities. The City owns and operates three water reclamation plants: the Northwest Water Reclamation Plant (NWWRP), the Southeast Water Reclamation Plant (SEWRP), and the Greenfield Water Reclamation Plant (GWRP). The GWRP is a regional plant operated by the City of Mesa, and co-owned with the Towns of Gilbert and Queen Creek.

- We deliver reclaimed water for beneficial reuse

Reclaimed water from the 91st Avenue WWTP is sold to the Arizona Nuclear Power Plant, where it is reused in the cooling towers, providing an important nexus between water and power in the state. Reclaimed water from the NWWRP is delivered to the Granite Reef Underground Storage Project where it recharges our aquifer, protecting the aquifer's groundwater levels and providing a future supply that can be used during times of drought. Reclaimed water from the SEWRP and the GWRP is delivered to the Gila River Indian Community for use in local agricultural initiatives as part of a water exchange program. Through this exchange, the City receives four acre-feet of Colorado River water for use in its potable system for every five acre-feet of reclaimed water that is delivered to the Community.



SIGNIFICANT ACCOMPLISHMENTS

Significant Accomplishments

- In the more than 100 year history of the City of Mesa water utility, the City has never sold a drop of water deemed unsafe by any local, state or federal agency. That is a record we are proud of and one we are determined to continue.
- Our water utility operating costs per capita are 30% lower than the national average.*
- We have never experienced a significant regulatory violation in the operation of our wastewater treatment plants.
- Our history of water pipeline leaks and breaks is approximately 90% lower than the national standard.
- Water and wastewater rates paid by our customers recover the full cost of providing service and help fund some of the City's basic services.
- We have acquired the surface water resources that are required to meet demand 100 years into the future, and have developed the ability to pump groundwater to meet demands during times of drought and surface water delivery interruptions.
- We reclaim all wastewater to a very high standard. The reclaimed water is reused for irrigation and aquifer recharge, and the bio-solids are reused as a fertilizer in local agriculture.
- We deliver high-quality reclaimed water to the Gila River Indian Community for use in local agriculture and in exchange receive Colorado River water for our potable needs. This unique exchange was a cornerstone of the 2004 Arizona Water Settlement Act.
- We recharge our aquifer with surface water and with high quality reclaimed water to help manage it as a resource that can be used during times of drought or climate change.
- We have managed the utility such that water and wastewater system capacity meets the needs of existing customers but is also available for future economic development opportunities.
- We replaced over 35,000 under-reporting water meters and maintain a program to ensure that current water meters are replaced in a timely fashion to protect revenues and to ensure fairness among customers.

*Association of Metropolitan Water Agencies 2010 Financial Survey

- We capture the methane gas created as a by-product of the digestion of solids in wastewater and use it to help power the Northwest Water Reclamation Plant.
- Nearly all master plans and design concept reports are undertaken by internal engineering staff at significant cost savings compared to the use of consultants. This also helps better build and maintain organizational knowledge.
- Our meter readers are some of the most productive in the industry and have one of the lowest error rates in the industry.
- We implemented new technology that efficiently routes our employees to locations to activate utility service for our customers. The result is an increase in productivity, diminished use of gas, fewer miles driven, and improved customer service.
- Our wastewater treatment plants have reduced their energy usage for the last four consecutive years.
- We successfully implemented a computerized maintenance management system through which work on physical assets is better tracked and analyzed.
- We partner with others in the region to solve difficult water and wastewater issues cooperatively. We work with other cities, agricultural districts, conservation districts, Indian communities, private water companies, non-governmental organizations, the State, the Federal government, Maricopa County, Arizona State University, and the University of Arizona.

- We are a founding member of the East Valley Water Forum.
- We instituted an education program that uses employee experts to train the next generation of skilled workers. This program enhances on-the-job learning, promotes teamwork, and allows front-line workers to investigate new career paths.
- We fitted all Department vehicles with GPS technology, which tracks vehicle location throughout the day. This technology will result in improved productivity, quicker emergency response, and increased employee accountability.

Vision

To deliver quality, reliability, and value.

Mission

To provide reliable, high-quality, environmentally responsible water and wastewater services at fair and reasonable rates for the people in our community.

Values

- Responsive and effective customer service.
- Honesty and transparency in the conduct of Department business.
- Respect for our employees through the provision of a positive and safe work environment and the celebration of successes.
- Participation and contribution toward the betterment of our community.
- Equality and consistency in personnel matters.
- Responsible stewardship of our infrastructure and the environment.
- Holding employees accountable for achieving the best value for the community.
- Knowledge and technical expertise in the pursuit of excellence.
- Open, honest, and clear communications.
- Support of the City's needs while fulfilling the fiduciary responsibilities of the Water Resources Department.
- Participatory decision-making at all levels of the organization.

Supply high quality water

Provide high quality drinking water in full compliance with regulatory requirements and protect public health.

Provide treated effluent water supplies in full compliance with regulatory requirements.

Strategies:

Ensure all water and wastewater operations achieve and maintain appropriate local, county, state, and federal permits.

Ensure public confidence and regulatory compliance through sound field operational procedures and best management practices.

Perform monitoring of regulatory parameters at the required frequency and ensure numeric permit limits are met.

Develop a well head protection plan.

Update plans to limit the introduction of pollutants into the water reclamation plant collection system basins.

Objectives for the next three years

- Develop a formal program to minimize water age through optimized water pumping, storage, and distribution.
- Add aeration treatment for disinfection by-product removal to all upper pressure zone reservoirs.
- Update the water hydraulic model using in-house expertise on an annual basis or more often as needed.
- Calibrate the water age model using in-house expertise.
- Develop a program, including written Standard Operating Procedures (SOPs), to optimize chlorine dosing at the surface water treatment plants and remote chlorine injection sites.
- Develop and maintain a stored document library plan that ensures a shared location. Also develop and maintain a master list that contains all issues and

projects that should include regulatory review, all permits, and special instructions for permit compliance.

- Develop an enhanced training program for field personnel to more comprehensively understand and remember regulatory requirements.
- Provide digital tools for field computers that list relevant regulatory requirements so employees have better access to them in the field and at remote sites.
- Develop an automated program within the Laboratory Information Management System (LIMS) that can find missed samples and alert for upcoming samples.
- Complete the implementation of CMMS software as a tracking system for water quality complaints.
- Use in-house expertise and partner with the Towns of Gilbert and Queen Creek to develop and implement local pollution limits for the Greenfield Water Reclamation Plant.
- Review and revise the industrial pretreatment permits for all hospitals to ensure proper disposal of drugs and new devices such as medical patches.
- Provide enhanced analysis of influent, effluent, and bio-solids quality trends to determine pollutant loading and to predict changes in pollutant concentrations.
- Increase the number of field audits for the backflow prevention program by 50%.
- Examine the possibility of offering backflow prevention compliance services through customers' utility bills.
- Install off-the-shelf backflow compliance software.

Deliver outstanding customer service

Provide safe, timely, and effective customer service. Build and maintain a good relationship with customers and the community.

Strategies:

Respond to customers immediately and act to safely resolve problems.

Be sensitive to customer perceptions and expectations.

Effectively promote Water Resources Department's services to the community.

Invest in business process changes and technologies that promote customer care and convenience.

Objectives for the next three years

- Complete the implementation of Mobile Dispatch software that will increase efficiency in connecting and disconnecting utilities.
- Use data from the CMMS system to establish standard response times for customer requests and track employee performance against these goals.
- Develop a more formalized program to minimize utility theft for the safety of our customers.
- Institute the new community service program through which employees have an opportunity to do social work in the community.
- Be sensitive to noise issues associated with motors, prime-moving equipment and generators, and mitigate noise during operation by planning appropriate sound-mitigation devices or enclosures during design phase.
- Collaborate with the City's Engineering Department to ensure appropriate public relations activity is performed during construction of capital improvement projects. Be sensitive to aesthetic issues related to above ground water and wastewater infrastructure and engage the neighbors and stakeholders during the design phase to foster a "good neighbor" image and relationship with the neighboring customers.

Ensure ample talent to safely do our work today and tomorrow.

Retain a workforce that is competent, motivated, and adaptive. Retain and improve upon institutional knowledge and innovation.

Strategies:

Develop and implement workforce plans that ensure critical work is performed, identify new ways to perform work, and meet future workforce needs.

Promote an environment that encourages retention of employees.

Emphasize optimal use of internal expertise and balanced use of consultants.

Enhance the culture of safety in the workplace.

Actively manage employee performance to ensure that the Department's goals are met.

Provide meaningful and challenging work.

Objectives for the next three years

- Regularly assess staffing requirements to anticipate and address increased retirements and other turnovers, advances in technology that afford opportunities for improved efficiency and effectiveness, and changing business needs.
- Provide effective development programs to meet business objectives and afford opportunities for employees to enhance skills and pursue further career development.
- Ensure that every supervisor has established and communicated clear performance expectations and standards through the employee's annual performance appraisal process. Regularly assess and communicate performance against standards.

- Implement organizational practices that value employee contributions and promote employee wellness.
- Continue the Water 101 and Wastewater 101 in-house training programs that expose various workgroups to the broader aspects of utility management and develop additional resident-expert training programs.
- Hold employees accountable for safety rule violations.
- Improve in-house training for Arizona Department of Environmental Quality certification for water and wastewater operations.

Operate at the highest levels of efficiency and cost-effectiveness.

Optimize water losses, chemical use, miles driven, and energy demands. Make the best use of employee experience, education, and technical expertise.

Strategies:

Improve routing of the water and wastewater field crews to upgrade response time, equipment usage, and miles driven.

Ensure the reliability of the equipment used to monitor and operate the water and wastewater systems.

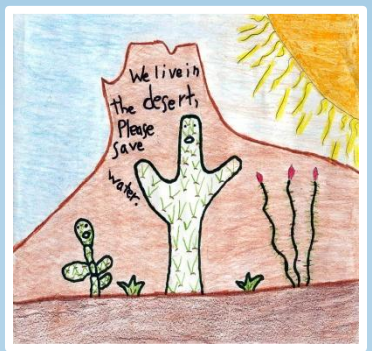
Optimize chemical use to minimize cost while meeting operational objectives.

Optimize water and wastewater operations and delay system expansions by utilizing existing system flexibility.

Minimize energy costs of the operation of the water distribution system, the wastewater treatment plants, and the water treatment plants.

Objectives:

- Develop a collection system sulfide generation model and optimize chemical dosage for cost and corrosion control in the wastewater collection system based on this model.
- Annually analyze wastewater collection system flow data and re-examine the need for system expansion projects identified in the 2009 Wastewater Master Plan.
- Continue implementation of the GPS tracking system for water and wastewater crew vehicles to minimize water loss, miles driven, and equipment usage. Analyze the data and develop reports for supervisors.
- Develop programming and tag naming standards to provide a consistent protocol used in PLC programming convention.
- Review instrumentation control descriptions and consult with engineering to optimize controls for utility projects.
- Continually review the electric usage and needs of the water distribution system, and take advantage of different electrical rates and pumping times to lower electrical costs where possible. Communicate with other work groups on electric usage, times of day use, and plans for well maintenance runs and sampling.



- Evaluate the cost-effectiveness of Cured-In-Place Pipe (CIPP) by outside contractors versus excavation and replacement by City crews for spot repairs of sewer lines.
- Complete the installation of fine bubble diffusers and upgraded blowers at the Southeast Water Reclamation Plant to achieve increased energy efficiencies and better operational control. Based on the performance evaluation and actual energy savings, re-evaluate the return on investment for a similar upgrade at the Northwest Water Reclamation Plant.
- Finalize automation of the Lindsay, Brooks, and Pasadena Pump Stations for reservoir mixing and pump station electrical efficiency optimization. Finalize

installation at these pump stations of premium efficiency motors, variable frequency drives, and a reservoir mixing system that doesn't result in cavitation.

- Pilot the use of hydrogen peroxide in the wastewater collection system to regenerate iron for odor control.
- Develop, implement, and maintain a water flow database for use in the control center, for use in scheduling water resources, and for use in regulatory reporting.

Maintain financial stability.

Manage the Water Resources Department's finances to support City and utility needs while maintaining reasonable water and wastewater rates and fees.

Strategies:

Make the best use of every dollar spent.

Maintain adequate cash flow by maintaining a minimum fund balance of combined O&M and capital expenditures.

Accurately forecast revenues and expenditures.

Maintain or improve the existing Aa2 utility bond rating.

Ensure revenues are sufficient to cover the needs of the water and wastewater utilities and the transfer to the City's general fund.

Objectives for the next three years

- Develop and manage operating and capital budgets aligned with the strategic plan that keep rates reasonable over the long term.
- Regularly re-examine business operations to increase cost-effectiveness.
- Work with the City's Financial Services Department to ensure that the existing form of monthly financial statements we rely on will be duplicated in the City's new financial system.
- Conduct extensive analysis to better determine the impact of the new rate structure on utility revenues and on customers.
- Maintain Council and customer support for the structure and level of rates.
- Improve upon the water and wastewater consumption and revenue forecast models that are used to predict rate requirements, ending fund balances, and master plan needs.

- Work with other City utilities to ensure that the Water and Wastewater utilities receive fair and reasonable benefit from the City's Revenue Expenditure Requirement funds.
- Continue to measure and benchmark performance of the utility's work groups.
- Embrace the City-wide transition to the Advantage AMS software for all financial reporting.

Optimize infrastructure performance.

Maintain robust, secure, and reliable water and wastewater infrastructure at the lowest possible lifecycle cost. Make the right capital investments at the right time.

Strategies:

Engineer and build it right the first time.

Update infrastructure master plans annually to reflect the utility's highest priorities and align operating and capital budgets to support these priorities.

Develop and implement an asset management program through which all assets are identified, characterized, and mapped in GIS, and through which maintenance and replacement is documented, analyzed, and predicted.

Continue to conduct asset condition assessments and repair or replace infrastructure as necessary.

Perform timely and cost-effective preventative maintenance on assets.

Objectives for the next three years

- Assist Engineering Construction with electrical and instrumentation inspections, start up, and commissioning of projects.
- Identify electrical and instrumentation assets for inclusion in relevant management databases and establish preventative and predictive maintenance schedules for these assets.
- Include all wastewater treatment plant assets and their characteristics in the computerized maintenance management system software in place at the plants and ensure that asset units and descriptions are consistent across all three plants.
- Expand in-house capabilities for the inspection and assessment of wastewater assets.

- Increase enforcement of grease-trap requirements. Explore the possibility of including grease-trap compliance services through customers' utility bills.
- Complete the 5-Year Sewer Inspection and Condition Assessment Program, and implement repair and replacement projects based on the results of the condition assessments.
- Evaluate the cost-effectiveness of different CCTV technologies for the inspection and assessment of sewer lines.
- Evaluate the use of portable monitoring equipment to improve the accuracy of lift station performance testing.
- Ensure that preventative maintenance work orders are programmed into computerized maintenance management (CMMS) and advanced maintenance management (AMMS) systems and that staff are held accountable to perform the work.
- Ensure maintenance management information is timely, accurate, and accessible.
- Exercise each water valve in the distribution system at least once every five years.
- Complete inspection of the inventory of concrete cylinder pipes.
- Implement corrosion control and cathodic protection for water lines and steel reservoirs.

Ensure operational resiliency.

Proactively mitigate risks. Continue to develop and maintain water and wastewater systems that are reliable with adequate redundancy and resiliency to ensure quality service to the customer.

Strategies:

Ensure power redundancy to meet demand during a commercial power outage during peak demand conditions.

Provide services and systems to meet security needs.

Ensure legal review of contracts, regulatory issues, intergovernmental agreements, significant human resources cases, bond issuances, water rights settlements, and other relevant issues.

Enhance our ability to attract employees to critical operational positions that are traditionally difficult to fill (shift work, weekend and on-call schedules, wastewater operations, process controls, etc).

Detect water line leaks before they become breaks.

Continue to meet peak water supply demands and system pressure requirements, as well as wastewater collection and treatment needs by maintaining a reliable system with adequate redundancy.

Minimize service interruptions and sanitary sewer overflows (SSO).

Objectives for the next three years

- Employ generators at critical facilities to meet demand during a commercial power outage during peak demand conditions.
- Add a third generator to the Brown Road Water Treatment Plant.
- Add transfer switches and permanent generators to Apache Junction Pump Station #2 and to County Line Pump Station #1.
- Fill all open wastewater operations positions within the next year.
- Update the wastewater collection system's Capacity, Management, Operations, and Maintenance (CMOM) Plan every three years. Use CMOM and asset management databases to track conditions of water and wastewater lines and predict impending failures effectively to replace risky infrastructure proactively.
- Finalize the Emergency Operations and Emergency Response Plan Updates for the water and wastewater utilities. Revise them annually.
- Accurately predict water and wastewater system expansion and upgrade needs through annual master plan updates to ensure reliability and redundancy.
- Evaluate and strengthen the Perma-log program that detects water line leaks.

Water Resource Adequacy

Acquire and protect adequate water supplies for current and future customer needs.

Strategies:

Continue using and developing new reclaimed water supplies to the greatest extent possible giving consideration to water quality, public acceptance, and cost.

Protect Mesa's physical access to groundwater in the East Salt River Valley.

Participate in the adjudication of water rights in Arizona, and settle water rights disputes where prudent.

Influence water policies, laws, and regulations to protect Mesa's water resources portfolio.

Objectives for the next three years

- Explore partnership possibilities in Mesa's Signal Butte Water Treatment Plant that might induce other water utilities in the East Salt River Valley to use more surface water and pump less groundwater.
- Finalize an agreement with the Salt River Pima/Maricopa Indian Community regarding treatment of wastewater and use of Granite Reef Underground Storage Project capacity.
- Identify and analyze additional opportunities for beneficial reuse of reclaimed water.
- Continue the partnership and planning efforts of the East Valley Water Forum.
- Effectively influence drought recovery plans being formulated by the Arizona Water Banking Authority and the Central Arizona Water Conservation District.
- Work with other parties to finalize the White Mountain Apache Tribe Water Rights Settlement.

SCORECARD

Included in the table below is a brief listing of the metrics we use to measure our performance. A more complete explanation of each measure, and our scores for each measure, follow the table.

Category	Metric
Supply high quality water	Maintain 100% compliance with all state and federal regulations
	Keep the number of customer inquiries regarding "dirty" water at less than 2 per 10,000 customers
Deliver outstanding customer service	Respond to customer high bill complaints within established timeframes
	Respond to customer requests to turn utilities on within established timeframes
Ensure ample talent to safely do our work today and tomorrow	Keep reportable injuries under 11 per year
	Complete 25 hours of training per employee per year
Operate at the highest levels of efficiency and cost-effectiveness	Keep total water system losses under 10%
	Complete 100% of employee performance reviews on time
	Decrease the amount of energy used per unit of wastewater treated year over year
	Maintain O&M cost at or below $300 per account for the water utility and at $180 for the wastewater utility
Maintain financial stability	Maintain at least an AA-/Aa2 bond rating
	Maintain a debt service coverage ratio of at least 1.75
Optimize infrastructure performance	Complete at least 85% of scheduled preventative maintenance work orders each month
	Maintain the cost ratio of reactive repairs to total O&M costs at less than 20% per year
Ensure operational resiliency	Maintain the number of customers that experience an unscheduled water outage of more than 4 hours in duration at less than 5 per 1,000 customers per year
	Maintain the number of sanitary sewer overflows at less than 16 per year
	Maintain critical staffing at a minimum of 90% of budgeted FTEs
Water Resource Sustainability	Ensure that 90% of water supply usage comes from renewable surface water supplies
	Re-use at least 90% of all reclaimed water supplies

A Quick Note:

The pursuit of quality metrics and benchmarks is a difficult and ever-evolving endeavor. Efforts to collect valid data and to perform meaningful quantification are constantly improving. Therefore, the data reported in this Scorecard will also likely evolve and improve. Please note that data reported for fiscal year 2011-2012 is year-to-date as of May, 2012, and therefore an estimate of the fiscal year. We chose to use an estimate of fiscal year 2011-2012 rather than report data from 2010-2011 that is more than a year old.

GOAL: SUPPLY HIGH QUALITY WATER

Measure

Drinking Water Compliance Rate.

Description of Measure

The percentage of time each year that a water utility meets all of the health-related drinking water standards in the U.S. National Primary Drinking Water Regulations. Non-compliance is measured by the receipt of a Notice of Violation from the Arizona Department of Environmental Quality to the Department director.

Target	Our Score FY 11/12
100%	100%

Measure

Number of customer inquiries regarding "dirty" water.

Description of Measure

Inquiries about "dirty" water can arise after sediments in pipelines have been stirred up due to fire hydrant flushing, water line breaks, and other reasons. Our goal is to reduce the number of these inquiries each year by improving our hydrant flushing techniques and replacing problem water lines in a proactive manner.

Target	Our Score FY 11/12
Less than 2 per 10,000 customers	1.8

GOAL: DELIVER OUTSTANDING CUSTOMER SERVICE

Measure

Response rate to customer requests for a high water bill investigation.

Description of Measure

This measure represents the Department's commitment to Customers by establishing an expectation to respond to customer service requests within established time parameters. Our goal is to perform high water bill investigations within three business days.

Target	Our Score FY 11/12
100%	100%

Measure

Response rate to customer requests to turn utilities on when a request for same-day service is made.

Description of Measure

This measure represents the Department's commitment to Customers by establishing an expectation to respond to customer service requests within established time parameters.

Target	Our Score FY 11/12
100%	100%

GOAL: ENSURE AMPLE TALENT TO SAFELY DO OUR WORK TODAY AND TOMORROW.

Measure

Number of recordable injuries.

Description of Measure

This measure quantifies the number of OSHA reportable injuries and can aid in identifying training needs and the quality of training. Per OSHA standards, a utility of our size should have no more than eleven reportable injuries each year.

Target	Our Score FY 11/12
11	12

Measure

Training hours per employee.

Description of Measure

The measure quantifies the amount of time we are dedicating to employee training and education.

Target	Our Score CY 2011
25	21

GOAL: OPERATE AT THE HIGHEST LEVELS OF EFFICIENCY AND COST-EFFECTIVENESS.

Measure

Total water system losses

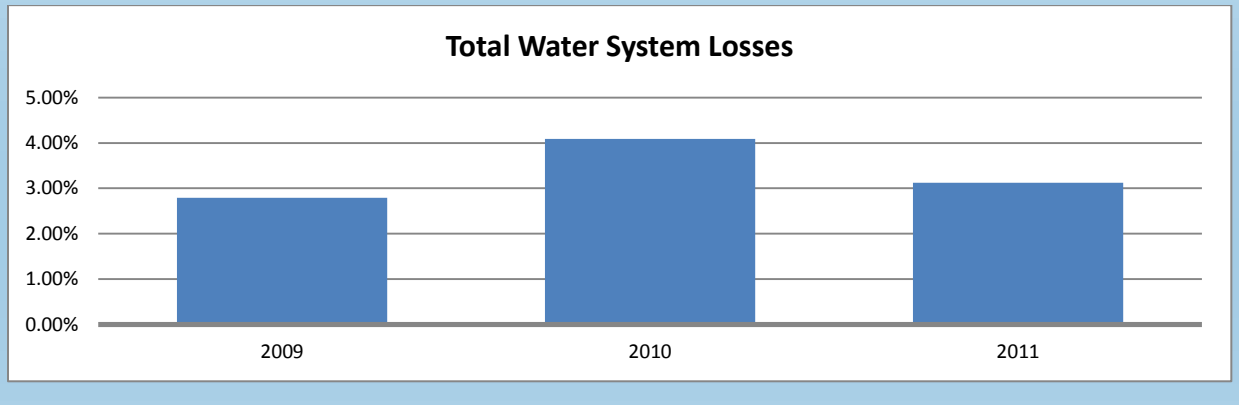
Description of Measure

The measure quantifies the amount of water that is unaccounted for, or lost, between delivery from our raw water suppliers to delivery to our customers. This shows the relative efficiency of our water treatment plants and the soundness of our water distribution system.

Target

The Arizona Department of Water Resources sets a regulatory target of 10% per calendar year.

Our Score



Measure

Percent of employee performance reviews completed on time.

Description of Measure

This measure represents the Department's efforts to communicate performance expectations to employees. In completing the reviews, feedback is provided to employees by evaluating their performance against the expectations and documenting the feedback.

Target	Our Score FY 11/12
100%	87%

Measure

Total energy usage per unit of wastewater treated.

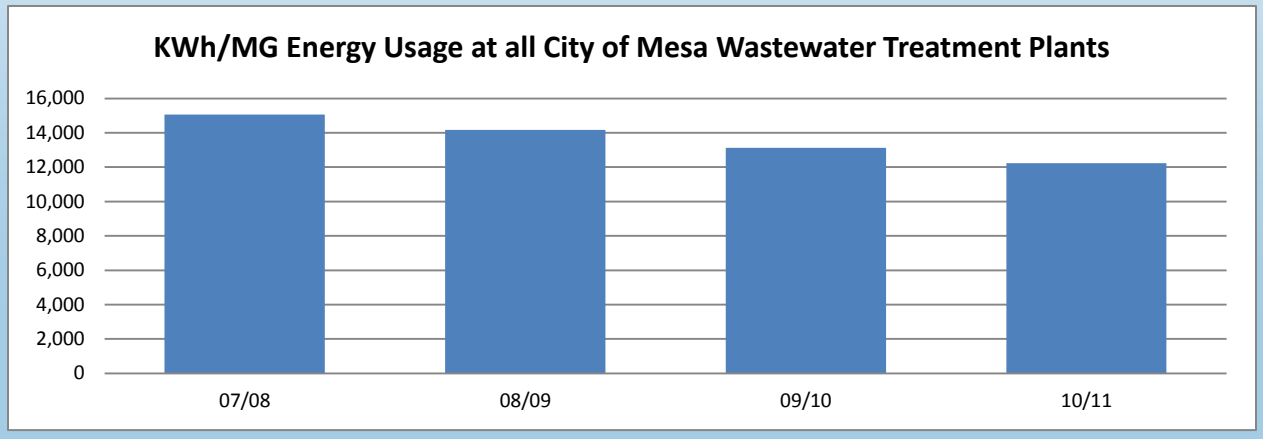
Description of Measure

The measure quantifies the amount of energy used in the treatment of wastewater, which is a very energy-intensive undertaking.

Target

Year over year improvement.

Our Score

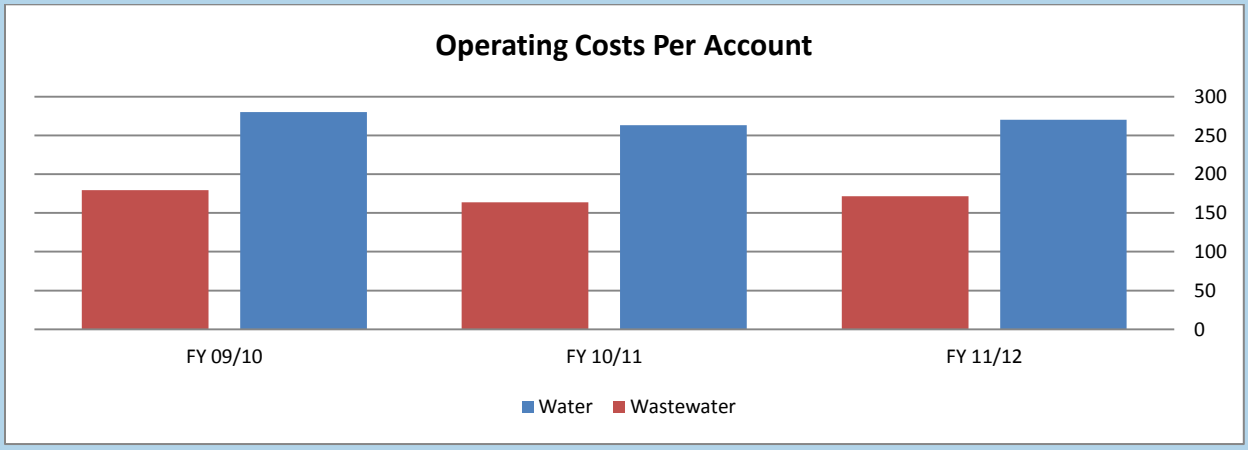


Measure

O&M cost per account, water and wastewater reported separately.

Description of Measure

Provides a "bottom line" efficiency measure for the department.



GOAL: MAINTAIN FINANCIAL STABILITY

Measure

Bond rating.

Description of Measure

The measure gives an indication of the financial health of the utility as determined by bond rating agencies.

Target

Maintain AA-/Aa2.

Our Score

Target	Our Score FY 11/12
AA-/Aa2	AA-/Aa2

Measure

Debt Service Coverage Ratio (net income over total debt service, combined for both the water and wastewater utilities).

Description of Measure

The measure gives an indication of the ability of the water and wastewater utilities to pay their debt.

Target	Our Score FY 11/12
1.75	1.96

GOAL: OPTIMIZE INFRASTRUCTURE PERFORMANCE

Measure

Ratio of preventative maintenance to reactive work orders completed each month.

Description of Measure

This measure quantifies the degree to which we are keeping up with maintenance work that keeps infrastructure in good working order and prevents failures. Data gathering to properly report this metric is a work-in-progress. The number shown here for FY 11/12 to-date represents the performance of only the water treatment group and the water distribution work group for a portion of the year. Efforts are underway to gather better information for the wastewater collections, water supply, and wastewater treatment work groups.

Target	Our Score FY 11/12
85%	88%

Measure

Cost of reactive repairs in the water distribution and wastewater collection systems over total O&M cost in these work groups.

Description of Measure

Indicates the condition of the water distribution and wastewater collection systems as well as our ability to fix leaks and breaks efficiently. The number shown here for FY 11/12 to-date represents performance for only a portion of the year. Efforts are underway to gather additional data.

Target	Our Score FY 11/12
20%	32%

GOAL: ENSURE OPERATIONAL RESILIENCY

Measure

Number of customers that experience a water service outage of more than four hours over the total number of customers.

Description of Measure

This measure gives an indication of our ability to respond quickly and effectively to emergencies in the water distribution system.

Target	Our Score FY 11/12
Less than 5 per 1,000 customers per year	2.32

Measure

Number of sanitary sewer overflows per miles of sewer line.

Description of Measure

This metric will track the total cumulative number of sanitary sewer overflows (SSO) by year. SSO's can occur by blockages in the system due to root intrusion, grease and solids. An effective cleaning and pretreatment program will reduce the number of SSO's. For a wastewater system the size of Mesa, the national benchmark (AWWA) establishes an annual total of SSO's at 16 per year.

Target	Our Score FY 11/12
Less than 16 per year	5

Measure

Wastewater treatment plant, water treatment plant, and utility control center operator vacancies per budgeted FTEs.

Description of Measure

This metric will track our ability to maintain adequate staffing in critical operational areas. Our goal is that critical staffing percentages never fall below 90% in any given month. The score reported here is the lowest percentage of the year.

Target	Our Score FY 11/12
90%	82%

GOAL: WATER RESOURCE SUSTAINABILITY

Measure

Percent of water supply usage that comes from renewable surface water supplies.

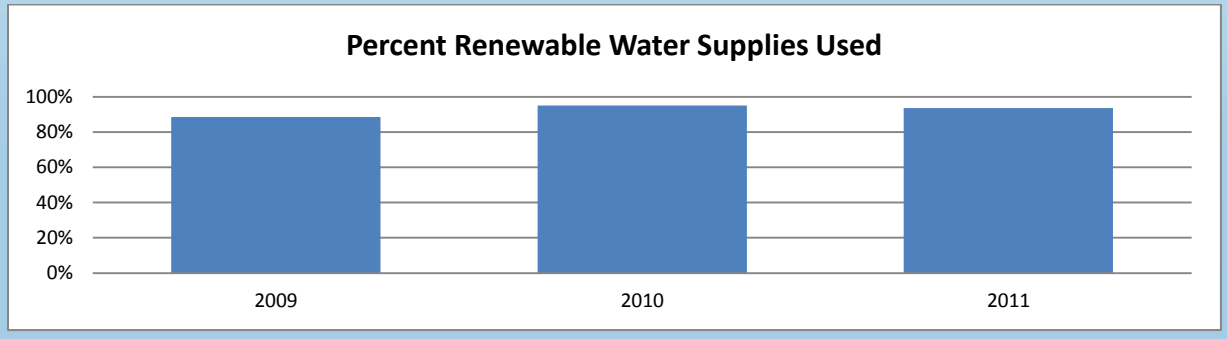
Description of Measure

The aquifer that underlies Mesa and the Valley of the Sun is a fossil aquifer that receives little annual recharge. Therefore, the Department tries to use renewable surface water supplies to meet demands before using groundwater, so that these precious supplies can be saved for times of drought and climate change.

Target

90%

Our Score



Measure

Percent of reclaimed water reused.

Description of Measure

The Department tries to reuse all reclaimed water beneficially, to avoid the use of potable supplies for lower-quality uses and to provide for future supplies. However, the Granite Reef Underground Storage Project, where the Department stores reclaimed water in the aquifer to create a future supply, is not always operational.